**THE EFFECTS OF MULTIPLE TAXATION ON THE HOSPITALITY, CATERING AND TOURISM INDUSTRY**.

**JUNE, 2022**

**Introduction**

The Multiplicity of taxes occurs only with regards to state and local taxes. From the general usages of multiplicity of taxes by stakeholders, it can be said to manifest in at least four ways;

1. It refers to the various unlawful compulsory payments being collected by the local and state governments without appropriate legal backings through intimidation and harassment of the payers.
2. It refers to situations where a tax payer is forced with demand from two or more different levels of government either for the same or similar taxes e.g value added tax (VAT), sale tax and consumptiontax simultaneously.
3. It refers to where the same level of government imposes two or more taxes on the same tax base. E.g payment of companies’ income tax, Education tax and technology levy by the same company.
4. It refers to where various levels of government agencies “Imposes Taxes” in the form of fees or charges.
5. **FINDING**

The World Bank report on doing business in Nigeria listed 47 tax payments made by the companies every year, with a whopping 956 hours spent on complying, preparing, filling and paying these taxes compared to Organization for Economic Cooperation and Development (OECD) statistics of tax payments and compliance duration of 12 and 175 hours, respectively.

1. **LIST OF TAXES IN NIGERIA**

The Joint Tax Board published regularly the list of taxes approved by the Federal Government. The Nigeria tax law approved the following taxes:

* Companies income tax (VAT)
* Value added tax
* Education tax
* Petroleum tax
* Withholding tax on companies
* Stamp duties for corporate companies
* Capital gains tax – for employees of and resident of FCT and corporate bodies.
1. **LIST OF TAX APPROVED BY STATE GOVERNMENT**
* Personal income tax on income of individual only
* Withholding tax for individual only
* Pooling, betting and lotteries tax
* Gaming and casino taxes
* Road taxes
* Stamp duty for business executed by individual only
* Business premises registration fees for urban and rural areas.
* Development levy for individual only
* Street naming registration
* Right of occupancy fees in the state capital only
* Market taxes and levies where state finance is involved.
1. **APPROVED LIST OF TAXES BY LOCAL GOVERNMENT AUTHORITY**
* Shops and kiosk rate
* Tenement rates
* Liquor fees off and on
* Slaughter slabs fees
* Marriage, death and birth registration fees
* Right of occupancy fees on land in rural areas
* Market rates and levy excluding where state finance is involved
* Motor park levies
* Domestic animal licensee fees
* Religious place establishment permits fees
* Wrong parking charges
* Vehicles radio license fees to be imposed by the Local Government Area where the vehicle is register.
* Merriment and road closure fees
* Cattle tax payable by cattle farmer
* Customary burial ground permit fees
* Bicycle, truck, canoe wheel barrow

**TABLE 1: SHOWING THE TYPES OF TAXES PAID BY TOTELS: PUBLISHED BY EUROPEAN CENTRE FOR RESEARCH TRAINING AND DEVELOPMENT UK (**[**www.ea-journal.org**](http://www.ea-journal.org)**)**

|  |  |  |
| --- | --- | --- |
| S/NO. |  |  |
| 1. | Tourism Development levy  | 5% of every income |
| 2. | Municipal tax | 5% of every income |
| 3. | IRS (BIR tax) | 5% “ “ |
| 4. | Corporate tax  | 5% “ “ |
| 5. | Value added tax (VAT) | 7.5% “ “ |
| 6. | Liquor/spirit | 3% “ “ |
| 7. | Sign post/advert | 15,000 for Local Government and 150,000 for state government  |
| 8. | Business premises  | 50,000 per annum |
| 9. | Operational permits | Discretionary |
| 10. | Food and safety tax | 40,000 per annum  |
| 11. | Fire service  | 60,000 per annum  |
| 12. | Fumigation  | 20,000 per annum |
| 13. | Sanitation tax | 10,000 per annum |

Source: fieldwork, 2013

The above table shows that hotels pay an average of 35% of their income as tax to the governments of Nigeria. Hotel operators consider this outrageous. The tax policy does not take into consideration other demands needed to keep the business alive.

**TABLE 2: TYPE OF TAXES PAID BY FAST FOOD AND RESTAURANTS**

|  |  |  |
| --- | --- | --- |
| S/NO. |  |  |
| 1. | Corporate Tax | 5% of gross income  |
| 2. | Value added tax (VAT) | 5% of Gross income |
| 3. | Tourism Development Tax (TAT) | 5% “ “ |
| 4. | Urban Development Levy | Discretionary  |
| 5. | Municipal Tax | 5% of gross income |
| 6. | Operational permits | Discretionary  |
| 7. | Development Levy | N100 per individual |
| 8. | Development rate | Discretionary |
| 9. | Pollution rate | 50,000 per annum  |
| 10. | Sanitation tax | 20,000 per annum  |
| 11. | Signpost/advert  | N150,000 for State and N10,000 for local government |
| 12. | Health certificate | Discretionary |
| 13. | Hygiene tax  | Discretionary |
| 14. | Business premises  | N10,000 registration and N5,000 renewal |
| 15. | Fumigation | 10,000 per annum  |
| 16. | NTDC (Nigeria Tourism Development Corporation | N20,000 per annum |
| 17. | Parking permits | N50,000 per annum |
| 18. | Emblems  | N20,000 per annum |
| 19. | Fire service | N60,000 per annum |
| 20 | Industrial Training Fund (ITF) | 3% of staff salary per annum |

Source: fieldwork, 2013

The table above shows that a typical fast food and restaurant business and bars are taxed within 20 sub-heads. Some amount to double or multiple taxation while some are introductions not recognized by law. For instance, operational permits are collectible only from kiosks and shops. But bigger outfits after paying for business premises are also forced to pay for operational permits. Multiple taxation also manifest in the signpost/advert tax. This tax head by lawbelongs to the local government by the states also collect tax on that in an outrageous rate.

Other tax subhead like, sanitation, pollution, hygiene and health certificates seems to show clear distinction as they all address the concern of clean environment.

**CONCLUSION**

Studies have shown that taxes deplete business and discourage investment especially in backward societies where the government hardly translate tax revenues to public goods and services. An emerging tourism state is expected to be careful with its tax regime. An exercise in heavy taxation drives potential investors away.

The condition also leaves the government with limited business to generate revenue from. Encouragement of business is why some government gives tax holiday or reduce tax rates. For business to survive in Nigeria especially hospitality, catering and tourism business, there must be harmonization of all these taxes to reduce clumsy and, or multiple taxation which has been the bane of business survival.

**CLASS WORK**

1. What is the interest of trade union in tax matters generally?
2. What role could trade union play to mitigate the bane of multiple taxation?

**LEKE SUCCESS**

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